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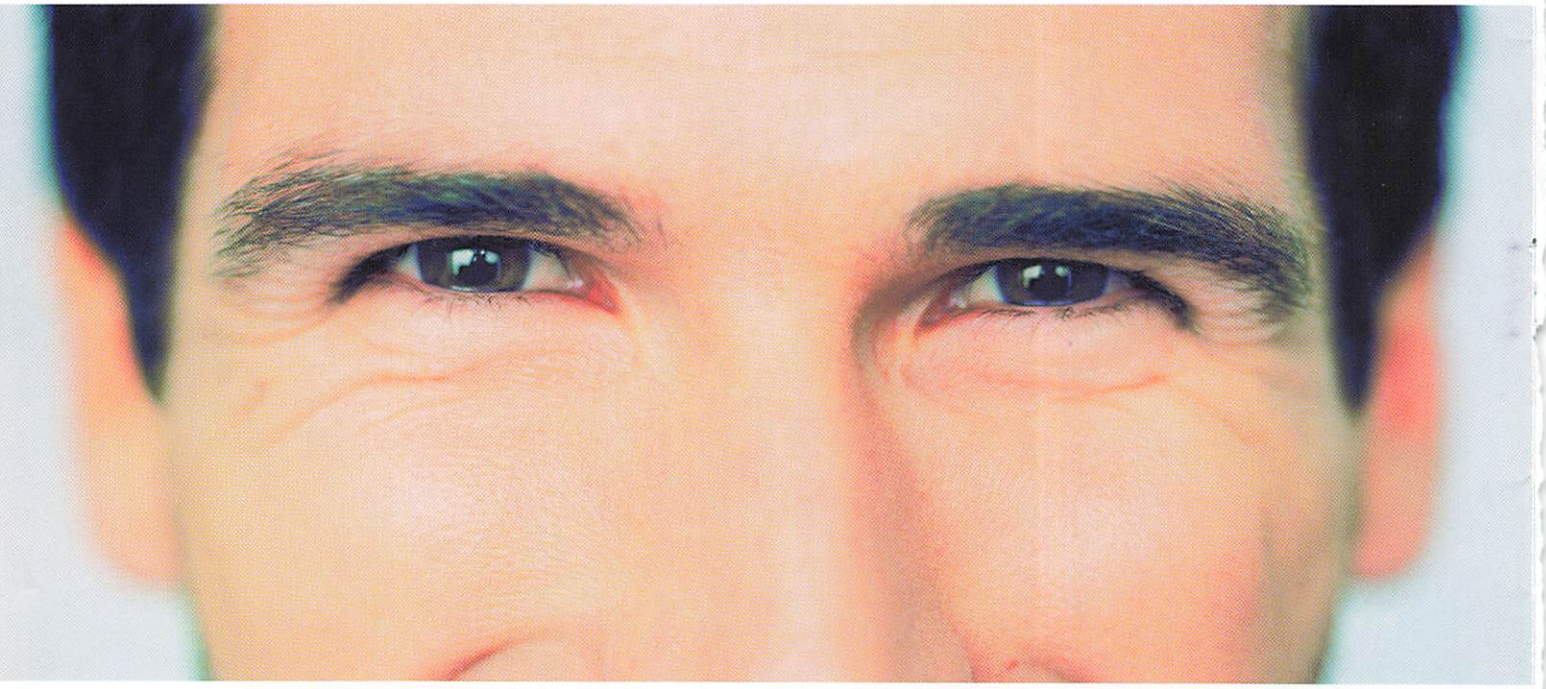

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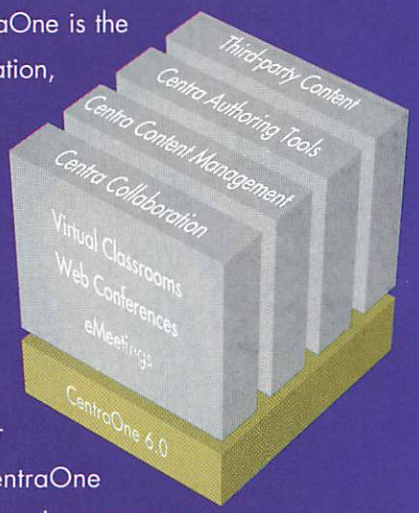


Centra®

VOLUME 6 NO. 4 APRIL 2002

# online learning magazine™

*Innovative strategies for business*

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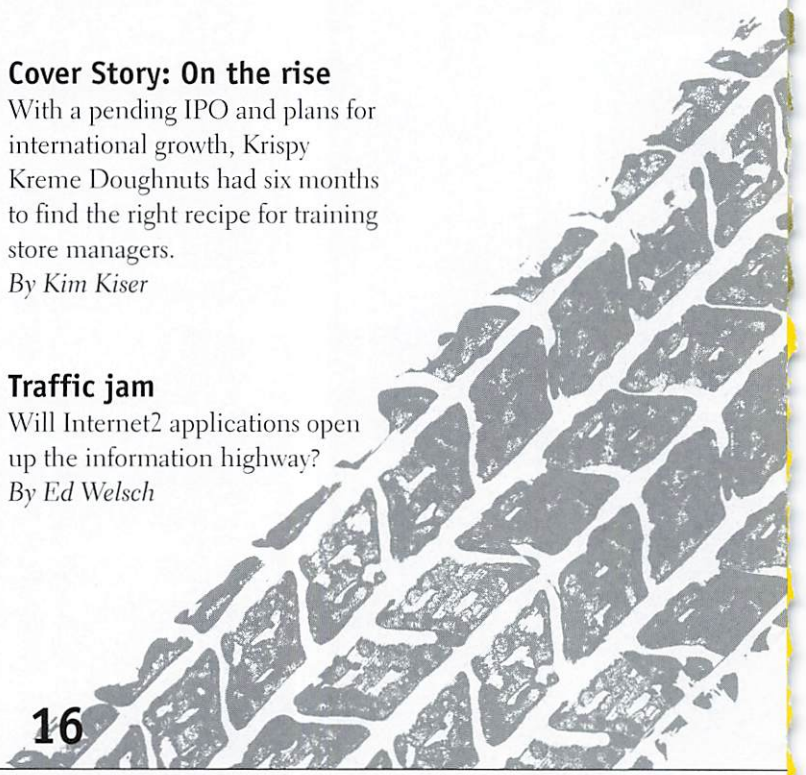


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*OnlineLearning*, Vol. 6, No. 4 (ISSN #1532-0022, USPS #015-827) is published 11 times a year on a monthly basis except for August by VNU Business Media, Inc. 50 S. Ninth St., Minneapolis, MN 55402; (612) 333-0471. All rights reserved. Annual subscription rate: 1 yr. U.S., $89; 1 yr. Canada, $107; 1 yr. international (airmail only) $155 (payable in U.S. funds). Periodicals postage paid at Minneapolis, MN, and additional mailing offices. Canadian Post Publications Mail Agreement No. 40031729. Printed in U.S.A. POSTMASTER: Send address changes to *OnlineLearning*, 50 S. Ninth St., Minneapolis, MN 55402.

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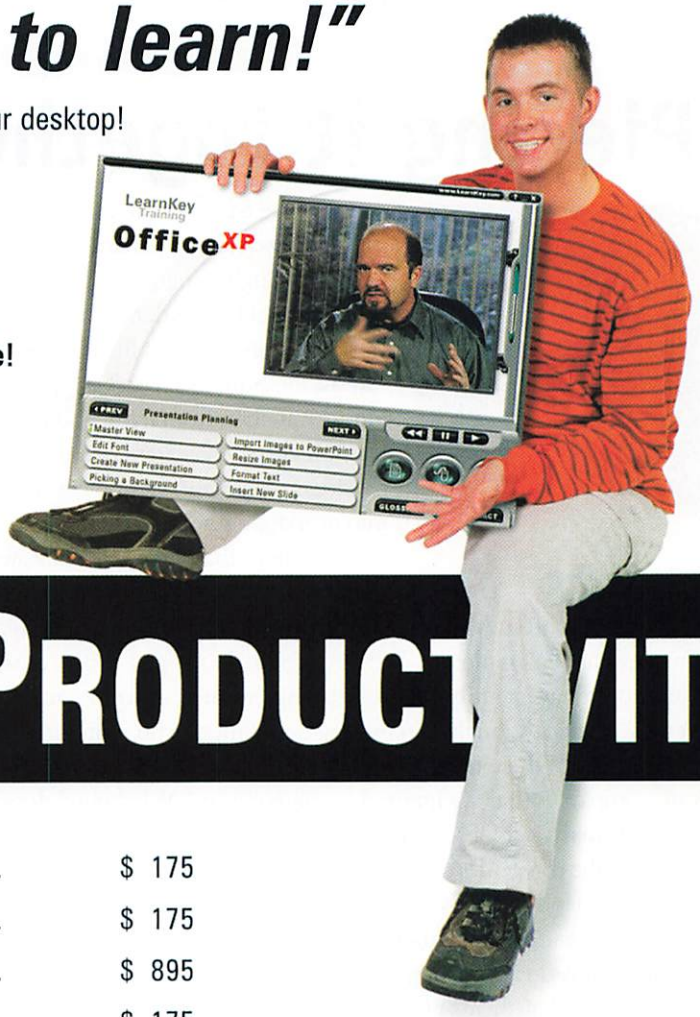


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# Piecing it together

If the e-learning market were a jigsaw puzzle, we'd be hard-pressed to find enough straight-edge pieces to construct the border. Many of the internal pieces wouldn't fit either, for that matter. Still, this hasn't stopped many industry analysts from trying. Some, like WR Hambrecht, used a circular approach, plotting providers of content, technology and services into overlapping spheres.

Now, more than two years later, we can thank The Gartner Group for its latest Magic Quadrant report in which said providers, or at least those remaining in business, are again plotted. Whether you're looking at circles or squares, you should have a fairly complete picture of the e-learning puzzle, right? Wrong. Typically, analysts represent companies, who represent clients, who appear in the circles and the squares. But what about the bevy of private companies that are ignored in these reports? What good does an industry analysis do if several of the pieces are missing?

Part of the problem is quite simply the nascency of the e-learning market: In their current forms, LMSs have yet to congeal into a proven, viable product category, yet the latest hype surrounds LCMSs; off-the-shelf content has become scalable thanks to technology, yet industrywide technology standards are lagging; and on top of that, there's no clear channel of distribution.

Is it time to cut through the hype and rhetoric? We think it is. We want to help you, our readers, find products and services that are proven to work and vendors who can deliver on their promises and have the financial viability, the intellectual wherewithal and a sustainable value proposition to serve you now and in the future. We want to help move you, and this industry, forward.

We will be moving forward with a new editor, though, so I'd like to close with a thank you to Amy Sitze, the editor of this magazine for the past three years. Amy took on the responsibility of building our credibility with you. She worked to deliver a magazine that was interesting, on point and worthy of your loyalty, and she accomplished that. However, due to the tough business climate facing all of us, we had to take a hard look at our business model and have streamlined the editorial teams responsible for producing this magazine as well as its sister publication, *Training*.

Going forward, Tammy Galvin will be at the helm. Previously the editor of *Training*, Tammy will now be the executive editor of both magazines, overseeing the editorial content, tone and direction of both publications. Under her direction, *Online Learning*'s No. 1 goal is to challenge current industry thinking and offer market savvy predictions to help you put together the pieces — to discover the true value technology inherently provides to all things learning.

Stacey Marmolejo

Group Publisher

online learning magazine™

Volume 6, Number 4, April 2002

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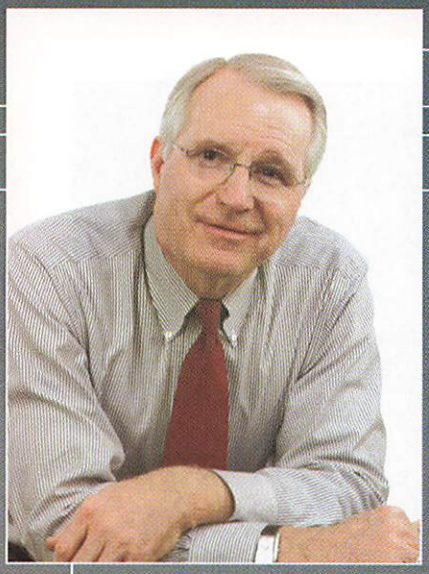

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## A wiser tax collector?

The Internal Revenue Service (IRS) is hoping e-learning will help improve its reputation among taxpayers — and potential employees.

Known as the agency everyone loves to hate, the IRS plans to spend $6 billion over the next 10 years to overhaul and modernize its business practices. This includes a plan to better train employees on the front lines of the agency's operations.

"When you're not serving the customer well, what flows from that is a workforce that's not satisfied because they can't do their jobs well," says Dan Ruggieri, assistant director in the office of strategic partnerships. He says the agency's hope is not just to create a more educated workforce, but also to make the IRS the kind of place where people want to work. According to agency figures, more than 55 percent of its employees will be eligible for retirement by 2004.

Last year, the IRS awarded a five-year grant to consulting firm Arthur D. Little (ADL) to create the IRS University Consortium. The consortium consists of 15 universities plus ADL's corporate university.

The idea? To build a curriculum that includes online and classroom courses around 11 program areas, including taxpayer advocacy, customer service, and taxation and compliance.

So far, the IRS and ADL have created an online accounting curriculum offered through Florida State University (FSU). Learners can take two basic and two intermediate courses and earn college credit for their work. Since January 2001, 367 people have completed the beginner courses and 76 have finished the intermediate track.

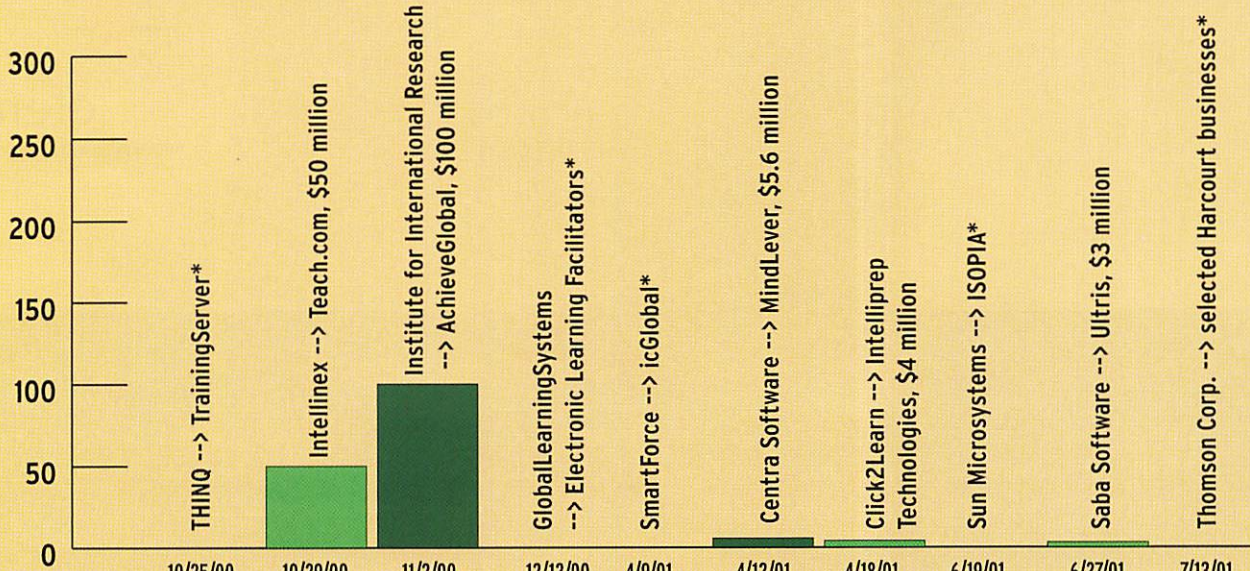
"The success rate has been extraordinary," says Ruggieri. "About 85 percent of those who started the online courses completed them. That exceeds the normal success rate at FSU in the classroom."

Taxpayers may not notice the changes this season, however. That's because the employees taking the courses are being groomed for a new position within the agency: specialists who are not CPAs but would be qualified to answer general tax questions.

— *Kim Kiser*

## Big deals

**Major e-learning acquisitions within the last 18 months (values are approximate)**




*Price not available. Some research provided by ThinkEquity Partners.

## Ask Bryan

*Send your e-learning tool questions to Bryan Chapman, e-learning analyst for research firm brandon-hall.com, at askbryan@brandon-hall.com.*

### Dear Bryan,

I'm a Web designer who frequently gets requests to create scorable tests for use on our intranet. I am not looking for a service to create the tests. I'm also not looking for anything overly complex. What I need is a tool that allows me to create test questions, gives feedback for correct and incorrect answers, randomizes test questions and compiles a report showing user names and test scores. Should I consider using standard authoring tools?

*—Put to the Test*

### Dear Test,

Even though it's easy to create tests using an authoring tool, I wouldn't recommend it. They rarely provide an elegant way to automatically create performance reports, statistical analyses and evaluations, unless you couple them with a learning management system. It sounds like in your situation, this approach would be overkill.

There are several good tools that focus exclusively on the creation of online exams. They're all easy to use, and most have built-in mechanisms for registering test-takers and creating performance reports. Here are a few such tools:

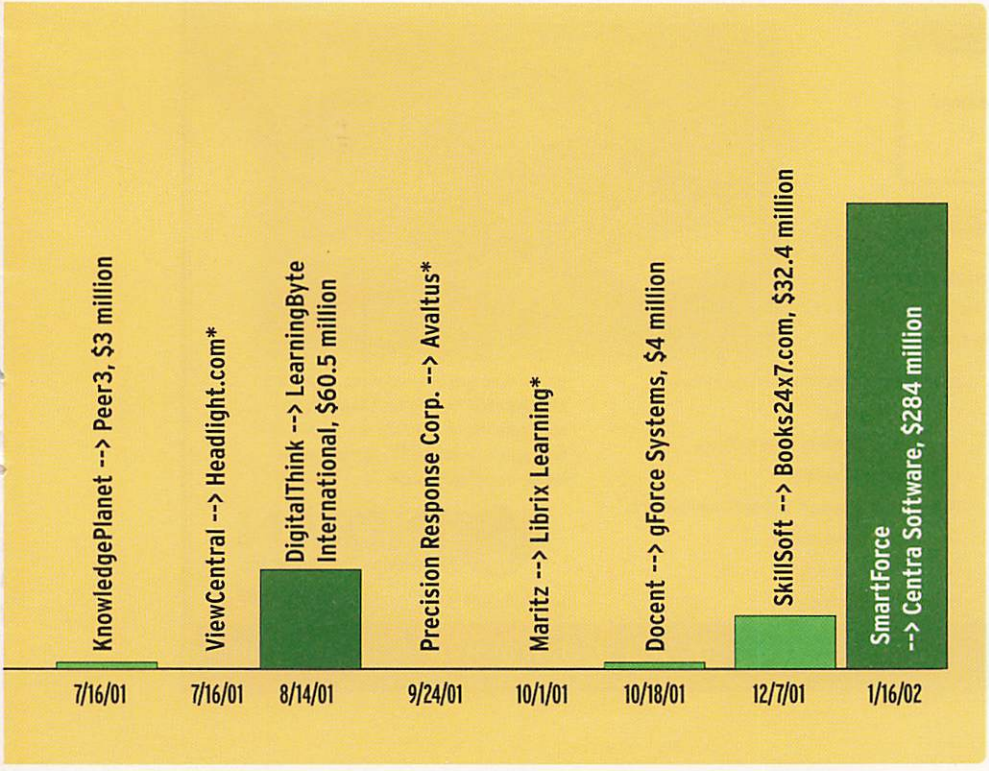
- **Exam Builder** *(www.exambuilder.com)*
- **PedagogueTesting** *(www.pedagogue.com)*
- **Question Mark** *(www.questionmark.com)*
- **Quiz Rocket** *(www.learningware.com)*
- **QuizPlease** *(www.quizplease.com)*
- **RapidExam** *(www.xstreamsoftware.com)*
- **Testcraft** *(www.testcraft.com)*

Whichever assessment tool you choose, it should be able to:

**Provide data on individual questions.** Along with recording the overall score for the exam, the reports should show performance data for specific test questions. This will allow you to weed out questions that might be misleading or identify weaknesses in your training programs.

**Allow reviews.** Look for a system that lets test takers go back and review their incorrect answers. Some of the best learning takes place when people analyze their own mistakes.

**Accept attachments.** The system should allow you to attach media files, graphics, documents and external links to individual test questions. This will give you greater flexibility in the types of questions you can create.



## Talking to the Taliban

As soon as linguist Steven Donahue realized the United States would be sending troops to Afghanistan in the wake of the Sept. 11 terrorist attacks, he knew he had a role to play.

For more than three years, the Miami-Dade Community College professor had been using his proprietary speech-recognition software to help non-English-speaking students practice their English pronunciation. "It was not a great leap to say, 'Let's use it for Pashto and make it available to the government in this time of crisis,'" says Donahue.

Pashto is Afghanistan's most commonly spoken language, yet the most recent instructional materials Donahue could find on the language were several out-of-print books published in the 1980s. In order to reconfigure his software to teach the Taliban's language to U.S. military personnel, Donahue first needed to find a Pashto speaker to help him.

That assistance came from Habib Tegey, an Afghan native and senior editor for the "Voice of America" in Washington, D.C. Donahue spent several days in a studio filming Tegey speaking Pashto words. He then used the video footage to create CD-ROM and Web-based Pashto courses.

Donahue used the audio portion to set up a speech-recognition phone line (*www.languagefone.com*). Users who call the toll-free number can speak one of 1,000 English words — most of them related to medicine, geography, food and directions — and hear the Pashto equivalent.

In order to make the Pashto courses available to military personnel located anywhere from the classroom to the battlefield, Donahue used an authoring tool called Intava Gravity to convert the content to wireless format.

Troops with the 2nd Marine Expeditionary Force and the 101st Airborne have studied Pashto using Donahue's language software. It's also being used to train troops at the Central Command in Tampa, Fla., and the Southern Command in Miami (the command closest to Guantanamo Bay, Cuba, where Taliban prisoners are being held).

— *Amy Sitze*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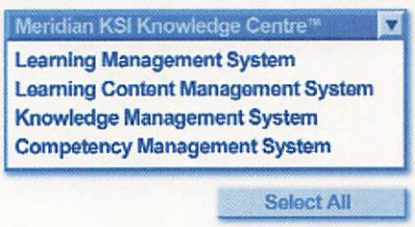


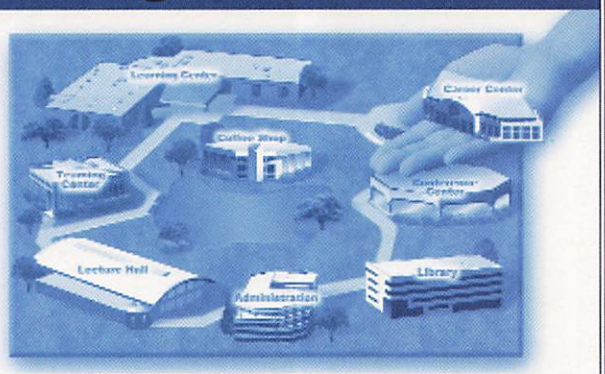


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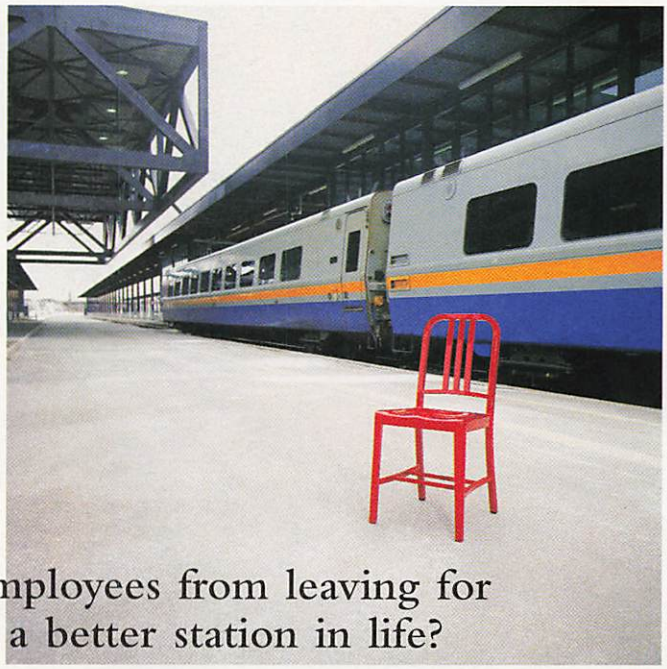

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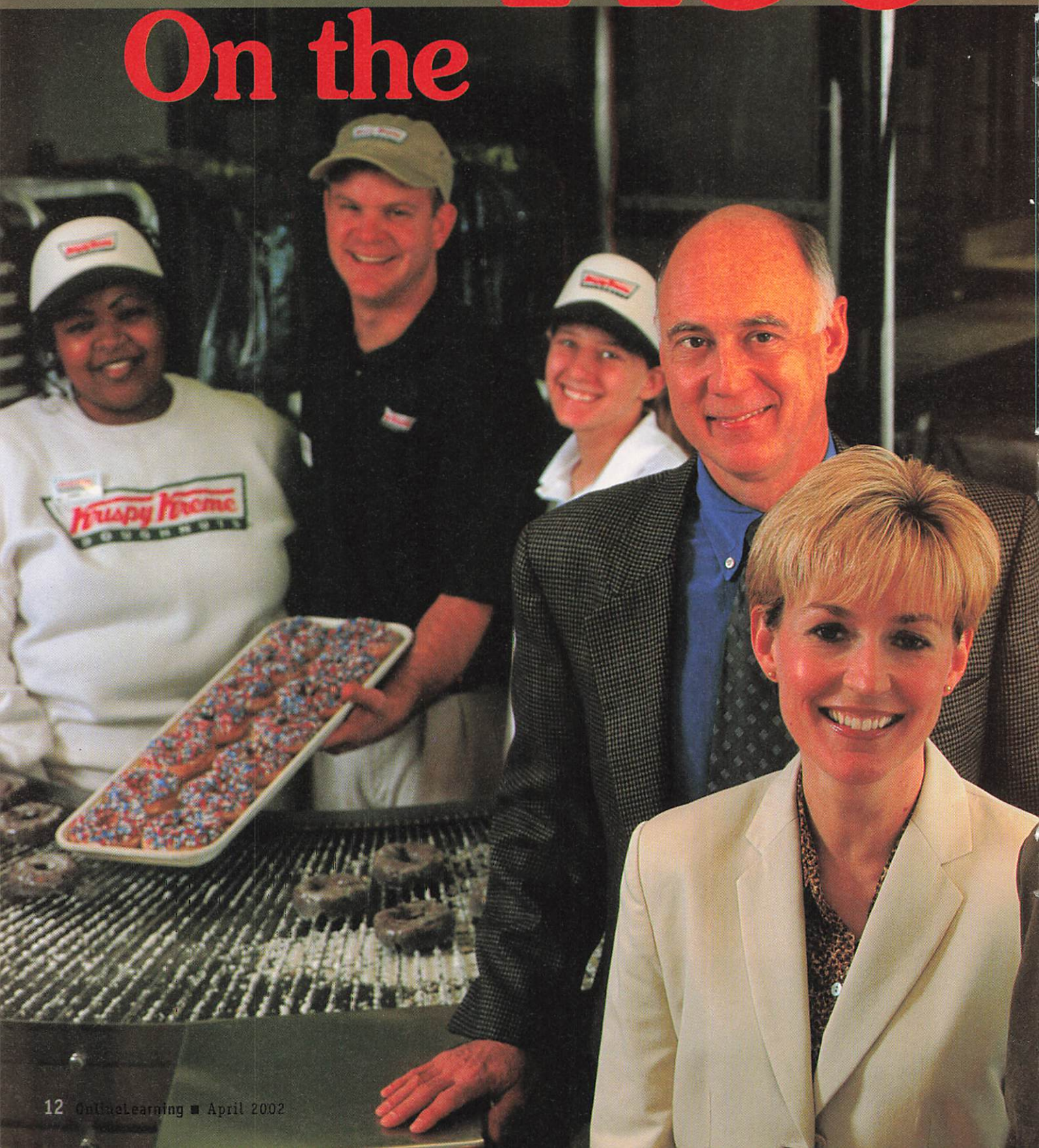
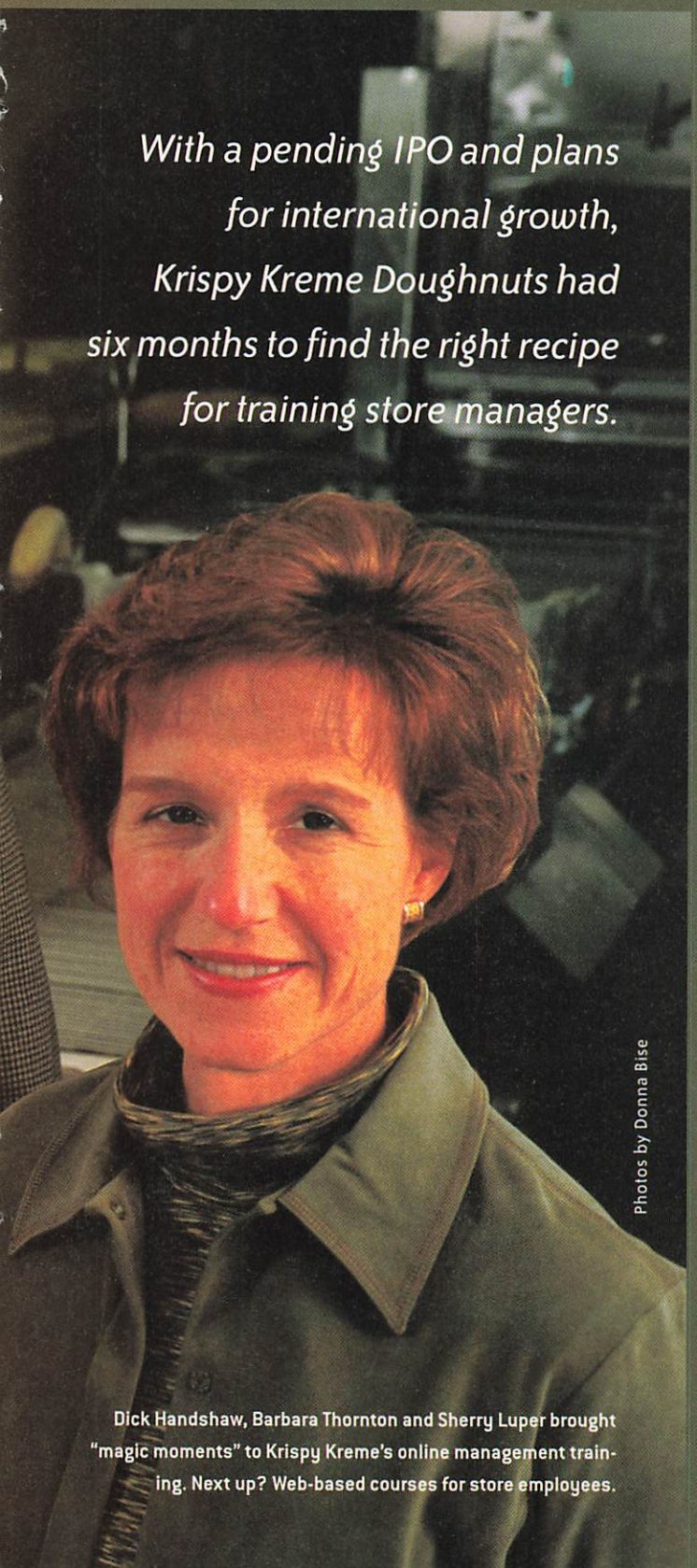


By Kim Kiser

*With a pending IPO and plans for international growth, Krispy Kreme Doughnuts had six months to find the right recipe for training store managers.*



Photos by Donna Bise

Dick Handshaw, Barbara Thornton and Sherry Luper brought "magic moments" to Krispy Kreme's online management training. Next up? Web-based courses for store employees.

In a time when stories of decimated workforces and sagging stock prices dominate the business headlines, there's still one thing you can count on: doughnuts. For even after the U.S. economy entered its darkest days in late September 2001, Krispy Kreme Doughnuts' stock rose like the yeasty Hot Original Glazeds that made the company famous.

Since its initial public offering in April 2000 — the second most successful IPO that year, according to Bloomberg L.P. — Krispy Kreme has grown from a homespun Southern establishment with 140 stores to one with 218 locations in 33 states and Canada. Preliminary results for fiscal year 2002, which ended Feb. 3, showed sales topping $621 million, up 39 percent from the previous year, and revenues climbing 30 percent to $392 million.

Although some Wall Street analysts consider the company overvalued, that hasn't stopped a cult-following of Krispy Kreme aficionados from flocking to store openings and patiently waiting for the neon "Hot Doughnuts Now" sign to light up. Nor has it deterred investors from stashing their money in a company founded on fried dough and creme filling whose stock price doubled in 2001.

But back in 1999, as the Winston-Salem, N.C., eatery was making plans to go public and grow to more than 500 stores in five years, its executives knew they needed to tweak the business recipe. For one thing, they had to define exactly what Krispy Kreme was. "We're a wholesale company and a retail company; a franchise company and a company with its own stores; we started out as a successful Southern company and were growing into an international company. When you have that many dynamics, it can be difficult to determine who you really are and what truly is your business," says Barbara Thornton, who was vice president of human resources and corporate services at the time.

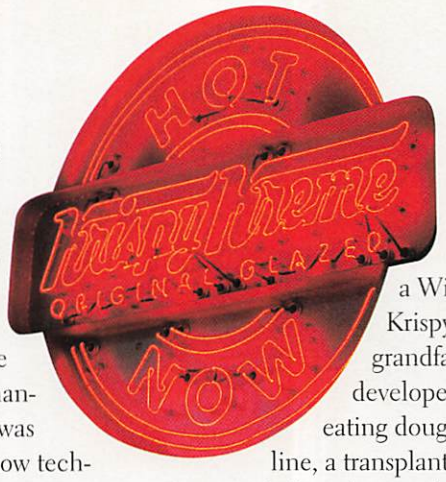
A committee led by president and CEO Scott Livengood determined Krispy Kreme wasn't just in the doughnut business — although the company sells more than 5 million a day — but also in the customer experience business. And who better to make sure customers would have a good experience than store managers?

At the time, however, training store managers was a trouble spot for Thornton and her training staff of three. Trainees were supposed to spend four weeks in the classroom at company headquarters, plus another 12 working alongside an experienced manager. Often, new managers failed to show up for class, and their lack of training led to inconsistencies in the way stores operated.

"The challenges of being able to keep up with the store growth, having every store manager Krispy Kreme trained, having these managers spread out throughout the country and needing to have consistency in their training led us to revise our managers' training program," Thornton says. That also meant finding ways to use technology to deliver lessons that were previously taught in the classroom.

Step inside a Krispy Kreme and the atmosphere doesn't exactly ooze high-tech. Beyond the counter, you can look through a glass wall and watch platoons of newborn doughnuts float down a river of hot oil, just the way they did when founder Vernon Rudolph opened his first store in 1937. And the retro-looking storefront, neon "Hot Doughnuts Now" sign and historic photos on the walls make you feel as though you've been transported 50 years back in time.

But when Dick Handshaw of Handshaw Inc., a Charlotte, N.C., consultancy, was hired in September 1999 to help Krispy Kreme develop an online component for manager training, he was surprised to see how technology-driven the company was. Store managers used computers to track inventory and sales and to order supplies. They even had an electronic performance support tool that walked users through first-aid techniques, emergency procedures and company policy. "They had a better focus on using technology than a lot of places I've called on, including bigger companies," he recalls.




Still, moving training to the Web wouldn't be easy, especially considering that the Krispy Kreme team had to overhaul the curriculum and have the program ready in time for the April IPO.

To revamp the content, Thornton's team assembled 20 subject matter experts from accounting, production, human resources, safety and sanitation, IT and other parts of the company to determine what store managers needed to know. "It was in their interest to make this training program as good as it could be," says Thornton. After all, having well-trained store managers would ultimately mean fewer middle-of-the-night phone calls about broken equipment or lopsided doughnuts.

In addition to teaching the nuts and bolts of running a store, Thornton needed to introduce newly hired managers to Krispy Kreme's culture. "It's all about creating magic moments for the customer," she says.

In Krispy Kreme parlance, magic moments are those feel-good memories that keep people coming back: an HR manager's childhood visits to a Winston-Salem Krispy Kreme with her grandfather, a real estate developer's recollection of eating doughnuts hot off the line, a transplanted Southerner's feeling that an old friend had come to town when the Van Nuys, Calif., store opened.

As the content for what was named Management 101 came together, form became the next question. Thornton's team wanted to create online tests so managers who had worked their way up from making doughnuts and cleaning counters could test out of courses on the basics, and so the training staff would know whether managers had completed certain modules. "We needed a lot of different question types, and we wanted the user to get instant feedback," Handshaw says.

They also wanted the online modules to be fun, interactive and user-friendly for new managers with varying levels of computer literacy. The problem? At the time, the company had only 56K bandwidth — not enough to deliver CD-ROM-quality training over the intranet or Internet.

As the development group began outlining the 12 modules that would make up the online portion of Management 101, Handshaw brought in a local software contractor to create a platform that could operate over a slow connection and work without plug-ins.

What they developed was a system that would retrieve metadata-tagged learning objects from Krispy Kreme's Access database, fit them into instructional, practice or assessment templates and present them over a Web browser. "At the time, we

didn't find anything else that could do that," he says.

The system uses Web-native active server technology to create seven types of interactions, judge learners' answers to questions, and keep track of their scores and progress. It also can assemble lessons based on pre-test results, pull animations and video clips from a companion CD-ROM and immediately inform learners whether they've answered quiz questions correctly. "When a question screen downloads, all the logic for answer judging and all the feedback downloads with it," Handshaw explains. "Once [learners] give their final answer, feedback will pop up immediately. It's already in resident memory."

By December 1999, they had a prototype of what would become one of the first browser-based learning content management systems (LCMSs). Since then, Handshaw's team has worked with Krispy Kreme's IT department to tie it into the company's HR system.

"We're tracking every management trainee that comes through Management 101," says Sherry Luper, who became senior vice president of human resources after Thornton started a consulting business in October. She says they will eventually be able to determine whether high scores on Management 101 are a predictor for future success with the company.

But the true test of the LCMS — which was later sold as "nogginware" and is now being used by the American Arbitration Association, Firstar Corp. and Bank of America in addition to Krispy Kreme — came two weeks before the online course was to be launched. That was when Handshaw's developers found out that Krispy Kreme needed one version for managers of company-owned stores and another for managers of franchise stores. Handshaw says they were able to make the changes in four hours by tweaking learning objects in the database. Had they used traditional authoring software to build the course, he estimates it would have taken at least 50 hours to recreate the content, and reassemble and test the course.

Despite the last-minute scramble, Management 101 was ready to go live on April 5, 2000 — the day the IPO hot light went on. Today, new managers go through a 14-week program, most of which is spent in one of the company's 25 certified training stores. There, they learn the ropes from an experienced manager/trainer, study training videos and complete the four-hour online course (a requirement for veteran managers as well). New managers also spend two weeks in the classroom — one midway through their training, the other at the end — and are given mentors who advise them by phone or email.

The training staff has been pleased with the results thus far. For one thing, they've been able to make sure more managers complete the training. Between May 1998 and May 1999, for example, 60 new managers went through the program; from May 2000 to April 2001, 149 completed it. "Folks are coming [to class] with consistent knowledge, and when they graduate they're walking out with consistent experience," says Luper.

Their next step is to bring that same kind of consistent training to hourly employees. Later this year, Luper, Handshaw and Thornton plan to roll out two-hour online courses for three hourly jobs — manning the counter, making the doughnuts, and finishing them with creme filling or candy sprinkles.

Handshaw says the LCMS, which has been upgraded to run on a more powerful SQL server, has allowed them to reuse a third of the learning objects from the management course database, reducing course development time by 40 percent. "A lot of the basic things that managers and hourly workers have to know about store operations, cleanliness and customer service are the same," he says.

Even without formal return on investment measures in place, Krispy Kreme is seeing effects of the revamped manager training. During the first year in which Krispy Kreme used Management 101, turnover among managers and assistant managers declined slightly from 28 percent in 1999 to 26 percent in 2000. The company also was able to open 36 stores in fiscal 2001, eight more than planned. Finally, those new stores keep breaking sales records. The November opening of a suburban Seattle store saw record first-week sales of more than $454,000; the following month, the first Canadian store opened outside Toronto, logging 10 percent more transactions than the Washington store.

That's a lot of dough, a lot of doughnuts and a lot of magic moments — something Thornton contends wouldn't have been possible without well-trained managers.

*Kim Kiser (kkiser@onlinelearningmag.com) is managing editor of* Online Learning Magazine.

For words of advice from the Krispy Kreme team, go to the Web Exclusive at *www.onlinelearningmag.com.*

10
Sparkletts
mazda

# Traffic jam

By Ed Welsch

*Most distance learners are still stuck in traffic. Will Internet2 applications open up the information highway?*

Professor Tom Colonnese stands in front of his University of Washington students like a talk show host facing a live studio audience. As he speaks to his American Indian studies class, he shifts his eyes between a camera and two large monitors. On one monitor, he can see himself and the students in his classroom. On the other, he sees a group of students nearly 3,000 miles away at the University of Maine.

As he finishes speaking, a student in Maine frowns and raises her hand. He makes eye contact and calls on the student, who launches into an impassioned speech on the history of American Indian repression in the United States. Colonnese allows one of his local students to respond and watches as half a dozen others in Maine raise their hands.

During the ensuing discussion, a technician pans and zooms the camera to focus on whomever has the floor, while a technician on the other end pulls the camera back so the speaker can see the entire remote audience.

## Slow going

This type of fluid, real-time communication over the Internet is a far cry from what most people in the corporate world experience when they log on to a live videoconference. Anyone who's participated in streaming video Webinars has, at some point, seen the video jerk haphazardly or freeze altogether, leaving the speaker with mouth agape and hands contorted into weird gestures.

Videoconferencing remains one of many enticing bandwidth-hogging applications that hasn't lived up to its full potential on an overcrowded Internet. Even current DSL and cable connections can't exploit high-performance applications like videoconferencing to their true potential. And even if they did, there is no fast lane that would allow high-performance application users to avoid the gridlock of emailers and Web surfers.

"Think of it this way," says Larry Smarr, founder of the California Institute for Telecommunications and Information Technology, a San Diego research group for advanced net-

work applications. "You take your Ferrari out on the interstate to really see what it's got, but it's 5 p.m. on the I-5 going north from San Diego, and at best you can go five miles an hour. It isn't that the Ferrari isn't a great car, but if you are going to be jammed into a pipe with all these other cars, the net bandwidth you're going to get is pretty low."

Internet2 (I2), a nonprofit research consortium, was founded in 1996 to get around this problem by providing an exclusive, high-speed Web racetrack for 180 member universities. Members pay from $500,000 to $1 million for access to the 10,000-mile fiber-optic backbone that is separate from the commercial Internet. The network is capable of delivering at least 155 megabits per second, which is more than 100 times speedier than the fastest consumer broadband services and nearly 3,000 times faster than a 56K modem.

This amount of bandwidth makes even the kind of technology employed in Colonnese's classroom — flawless videoconferencing over the Net with virtually no delay — easy to implement. The University of North Carolina is one of several institutions experimenting with an even higher quality of videoconferencing through the National Tele-Immersion Initiative, which can be described as an effort to make Star Trek's holodeck a reality. Sitting in front of a "video wall" of plasma screens, a person wearing a virtual reality helmet can experience the presence of an individual on the other side of the country in real time as if they were separated by only a few feet.

And at the University of Texas Medical Center in Sugarland, Internet2 speeds allow a physician to examine patients from prisons all over the state with a video and remote sensing setup. The system not only allows him to converse with the patient, but also displays the patient's medical history, X-rays and vital signs. Telemedicine saves the physician several days of travel — and saves the prison the trouble and expense of armed escorts.

High bandwidth has also been a boon to scientists, who use it to gather data remotely from fault lines, volcanoes, the ocean floor and the sky. Collecting the information online saves them the hassle of making countless trips to check instruments and record data.

The ability to transfer huge amounts of information quickly has also made data libraries a promising application. Using the commercial Internet, a music CD can take from several minutes to several hours to download, depending on the type of connection. Over Internet2, digital music can be transferred almost instantaneously. Even streaming high-definition television, about the largest transfer you can make, only takes up about a quarter of a 100 mbps connection.

This speed enhances live performances as well, as New York University and the Rensselaer Polytechnic Institute proved with "The Technophobe and the Madman," an opera in which cast members were separated by 160 miles. Likewise, orchestras at the University of Washington and Stanford University in Palo Alto, Calif., rehearse and perform together and share music professors from a distance.

"When you start bringing together highly interactive, low-delay kinds of videoconferencing with other kinds of rich multimedia, you have an extraordinary space for education," says Louis B. Fox, vice provost of educational partnerships at the University of Washington.

Fox also serves as the director of Internet2's K20 project, which seeks to extend the I2 connection to schools, libraries and museums. He hopes I2 applications "may be to collaboration and education what the Internet was to communication." But despite Internet2's promise, everyone outside its elite racetrack remains tied up in traffic.

## Express lane

California researcher Smarr hopes to change that. His work focuses on expanding the ability of the commercial Internet's jam-packed information pipes to carry data. "What would you do," he asks, "if you had the whole pipe just to yourself?"

This sounds like fantasy, since even I2 users have to share their fiber-optic network with each other, but Smarr has already begun to make the concept a reality with a technology called wavelength division multiplexing (WDM).

By sending information at different frequencies (called lambdas) down a single fiber-optic cable, WDM researchers have been able to multiply the cable's bandwidth by a hundredfold in field tests; theoretically, there could be thousands of separate lambdas on one cable. If

WDM is adopted by local Internet service providers, a Webinar producer could reserve a lambda just for participants. This means that even at today's consumer broadband speeds (which are supposed to be, but often fail to reach, 1.5 megabits per second), the video would take the express lane above the normal flow of traffic and smoothly arrive at your desktop.

There could be an incredible increase in raw speed coming, as well. Andy Chapman and Dev Gupta are the co-founders of Narad Networks, a company that plans to bring Internet2-like 100 megabit-per-second connections to the masses through little boxes that hook up to computers like cable modems. Narad will sell its hardware and software to cable companies, which will then deliver speedy connections through regular cable lines. In turn, the cable companies will encourage third-party developers to offer high-bandwidth content — such as high-definition video-on-demand and multimedia online courses — to entice subscribers.

Narad expects to gain a foothold in the small-business market by providing cheap server hosting, data storage, and Internet and telephone services, though Chapman says the eventual goal is to make Narad's technology available to the consumer market. In late December, Narad was testing the product with cable companies. It expects to make the technology available to businesses in certain locations by June.

Advanced broadband companies like Narad have an advocate in Washington, D.C. — TechNet, a powerful network of 300 senior executives from technology firms, venture capitalists and investment bankers. TechNet wants to set national goals for universal broadband adoption and commit support to high-speed Internet technologies. As a result of its efforts and those of other high-tech advocates, both the Bush administration and Senate Majority Leader Tom Daschle (D-S.D.) are calling for universal broadband adoption as part of the recipe for economic rejuvenation.

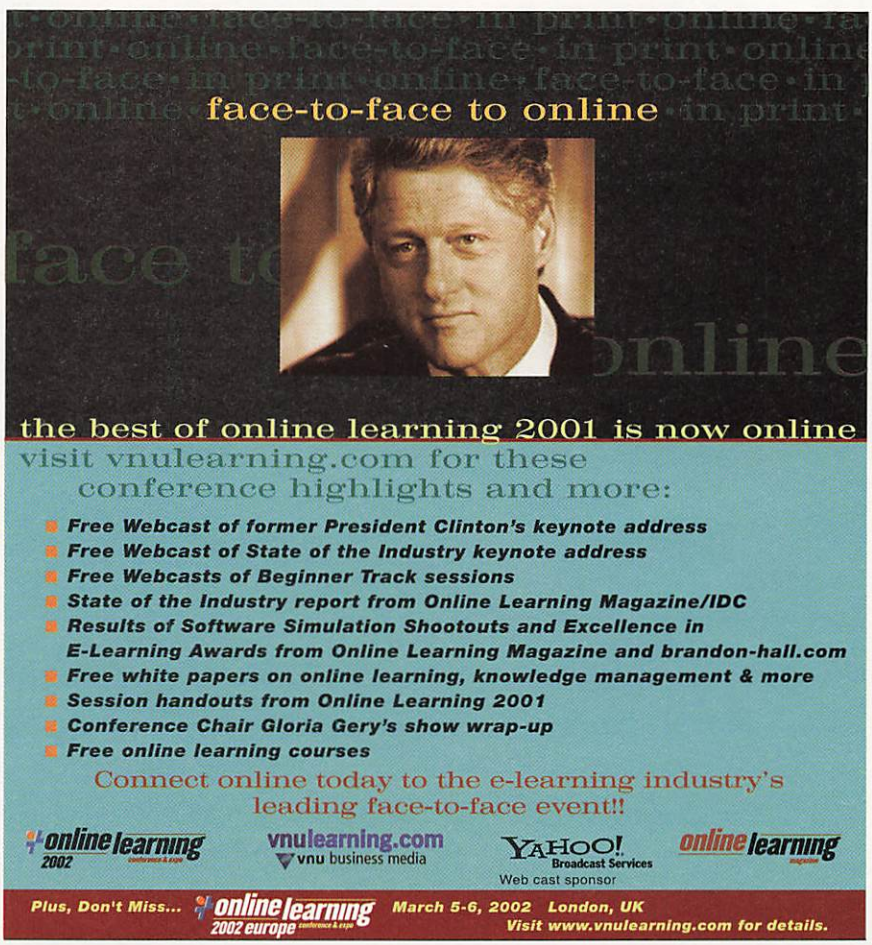
## A new kind of teaching

Meanwhile, back in the ivied halls of Internet2, Tom Colonnese has finished up his first semester using videoconferencing, and he is rethinking his teaching style. With videoconferencing, says Colonnese, "I feel an urge to present myself more visually and professionally. I have a higher set of expectations for myself, because I am comparing myself with the professionals I see on TV."

During the semester, Colonnese took several trips to Maine to personally meet with his students there. He found that the students had adapted to the new format even faster than he had. "Once people at both ends become familiar with this technology, actually going there won't be necessary," he says.

*Ed Welsch (ewelsch@onlinelearningmag.com) is assistant editor of* Online Learning Magazine.

What's next for the next-generation Internet? Check out Web Exclusive at *www.onlinelearningmag.com.*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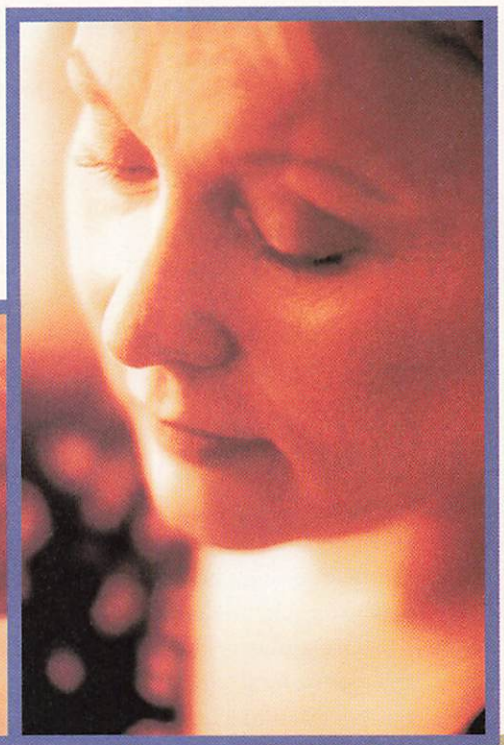

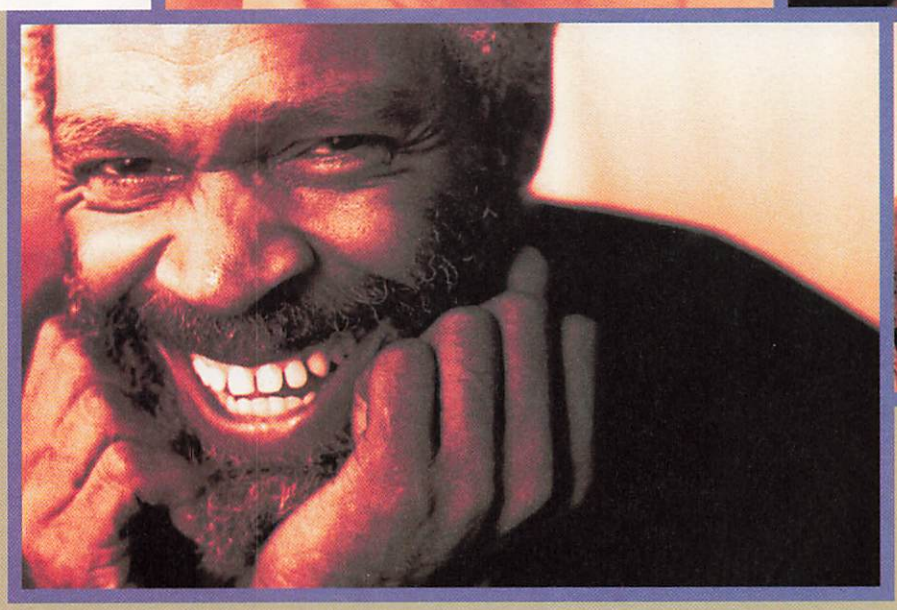

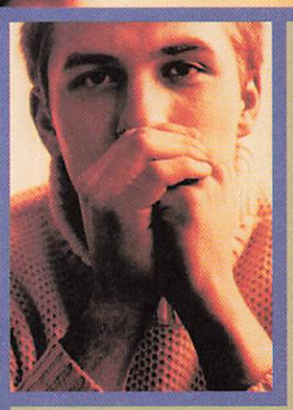

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# READER'S CHOICE

Which learning companies do *Online Learning Magazine* readers prefer? In February 2002, Lakewood Research emailed surveys to 2,000 *Online Learning Magazine* subscribers asking, in their opinion, which vendors had the best learning management systems, off-the-shelf content, collaboration software and authoring tools. Based on a response rate of 9 percent, the top vote-getters are listed at right in alphabetical order.

## WHAT SOME OF THEIR CHIEF EXECUTIVES HAVE TO SAY:

### Leon Navickas, chairman and CEO, Centra Software

***What is your top strategy for meeting customer needs?***

Most organizations invest in e-learning solutions to solve a business problem. Centra works with its prospective customers not to sell technology, but to act as consultative partner by helping to identify e-learning applications with the highest business return, packaging the appropriate business solution, building a business case with achievable objectives, and implementing a change management strategy that results in rapid end-user adoption and achievement of the original business goal.

***What makes your product/company unique?***

The foundation of Centra's market leadership is a single standards-compliant, enterprise-class e-learning and collaboration platform that supports a range of real-time collaboration experiences (meetings, mentoring, conferences, classrooms), combined with robust content management and authoring capabilities to deliver effective blended learning. This platform, known as CentraOne, offers the broadest set of features, a thin-client architecture, universal access through firewalls and proxy servers, the lowest bandwidth requirements and the highest scalability of any solution on the market.

Customers can deploy Centra's software on site or access it through a secure ASP. Centra products are available in 12 languages and integrate with today's leading LMS systems. Centra's competitive advantage is further enhanced by quality customer service and training, featuring a comprehensive implementation methodology and more than 50 online courses.

***Describe one of your largest installations.***

One of Centra's largest deployments is AT&T Business Services. Thousands of AT&T employees use Centra for live, Web-enabled sales training, product rollouts, enterprise application training and customer service initiatives.

### Kevin Oakes, CEO, Click2learn

***What is your top strategy for meeting customer needs?***

First and foremost, I think it's understanding the needs of progressive organizations and delivering what they want and need today to remain competitive, along with a healthy dose of what we think they will want and need in the future. Our Aspen platform is the operating system used by major corporations for

### LEARNING MANAGEMENT SYSTEMS

**Click2learn**
**Docent**
**Element K**
**KnowledgePlanet**
**Pathlore**
**Plateau Systems**
**Saba**
**Sun Microsystems**
**Thinq**

### OFF-THE-SHELF CONTENT

**DigitalThink**
**Element K**
**Global Knowledge**
**KnowledgePlanet**
**Learn2**
**Learning Tree**
**MindLeaders**
**NETg**
**Productivity Point**
**SmartForce**

### COLLABORATION SOFTWARE

**Centra**
**Interwise**
**Lotus**
**PlaceWare**
**WebEx**

### AUTHORING TOOLS

**Click2learn**
**Macromedia**

ADVERTORIAL

# READER'S CHOICE

all of their learning initiatives, but most importantly it is a system that ties learning directly to business performance metrics. Through Aspen, we are helping employees, partners, suppliers and customers achieve better performance through learning. Aspen provides all of the required capabilities to create, deliver and manage all aspects of learning, including training and performance support.

***What makes your products unique?***
Because our Aspen Enterprise Learning Platform provides the most comprehensive and integrated set of learning capabilities to create, deliver and manage e-learning from one system, it reduces the time, effort and risk to implement a truly enterprise-wide solution.

Our Aspen LCMS allows organizations to create large volumes of content rapidly and deliver it in different formats to meet the complete set of learning needs. It can meet the needs of learners at different levels of mastery; provide granular learning for specific needs in the form of standards-based learning objects; and deliver that content on a variety of platforms.

Our Aspen LMS allows training departments to increase their effectiveness and reduce costs by providing the best blend of learning methods through a single, centrally managed system and by allowing for 360-degree performance reviews, and skills and competency management.

## Bruce Barnes, CEO, Element K

***What is your top strategy for meeting customer needs?***
Our strategy is to provide comprehensive, open e-learning solutions. Our integrated e-learning solution encompasses libraries of more than 1,000 online courses (IT and soft skills) and more than 500 IT reference books; provides an engaging learning experience; and delivers powerful learning management capabilities. Because our online courses are standards compliant, they work on other platforms. Our platform also supports third-party courses.

***What makes your products/company unique?***
We've been enabling adult learning since 1982, and we pioneered online interactive information technology training in 1996. We have created more than 1,000 engaging and effective self-study courses as well as instructor-facilitated online courses that foster peer-to-peer learning.

To complement our online course offerings, we have introduced KnowledgeHub – our new e-learning platform – which provides powerful learning management capabilities and integrates features such as our proprietary vLabs for hands-on IT training and Books 24x7 for reference.

Above all, Element K is committed to our customers. We provide dedicated support in implementing our solution, rolling it out to users and promoting its adoption.

***Describe one of your largest installations.***
One of our large customers is American Skandia, a global financial services leader

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with an annual training budget of $5 million. Each employee in the organization has the opportunity to participate in online and instructor-led learning, spending an average of 63 hours in courses.

## Angus Carroll, chief operating officer, MindLeaders

***What is your top strategy for meeting customer needs?***

To partner with the "best of the best" and integrate key capabilities into one easy-to-use, easy-to-deploy, cost-effective solution. Today, large companies need a full suite of e-learning solutions, from off-the-shelf courses to online mentors to online reference libraries. Combined, these products and features allow customers to deploy e-learning immediately to all their employees worldwide.

MindLeaders' strength is creating high-quality, easy-to-use, effective e-learning courses and partnering with the leading providers of additional services including Knowledge Pool, which provides online mentors, and Books24X7, which provides online reference books. Their features are built into the courses.

***What makes your products/company unique?***

A simple Internet solution that can be implemented in minutes. Many vendors install complex systems on intranets tying up MIS and HR resources. At MindLeaders, everything is staged and maintained on our servers. Off-the-shelf courses, the LMS, even custom courses are available 24x7.

***Describe one of your largest installations.***

FedEx offers the entire suite of MindLeaders products to all employees worldwide. Learners have access more than 750 courses in the technical, end-user and business skills areas, a reference library with 300 online books, and MindLeaders' Instant Mentor feature, which provides a real-time mentor to students 24x7.

## Steve Thomas, CEO, Pathlore

***What is your top strategy for meeting customer needs?***

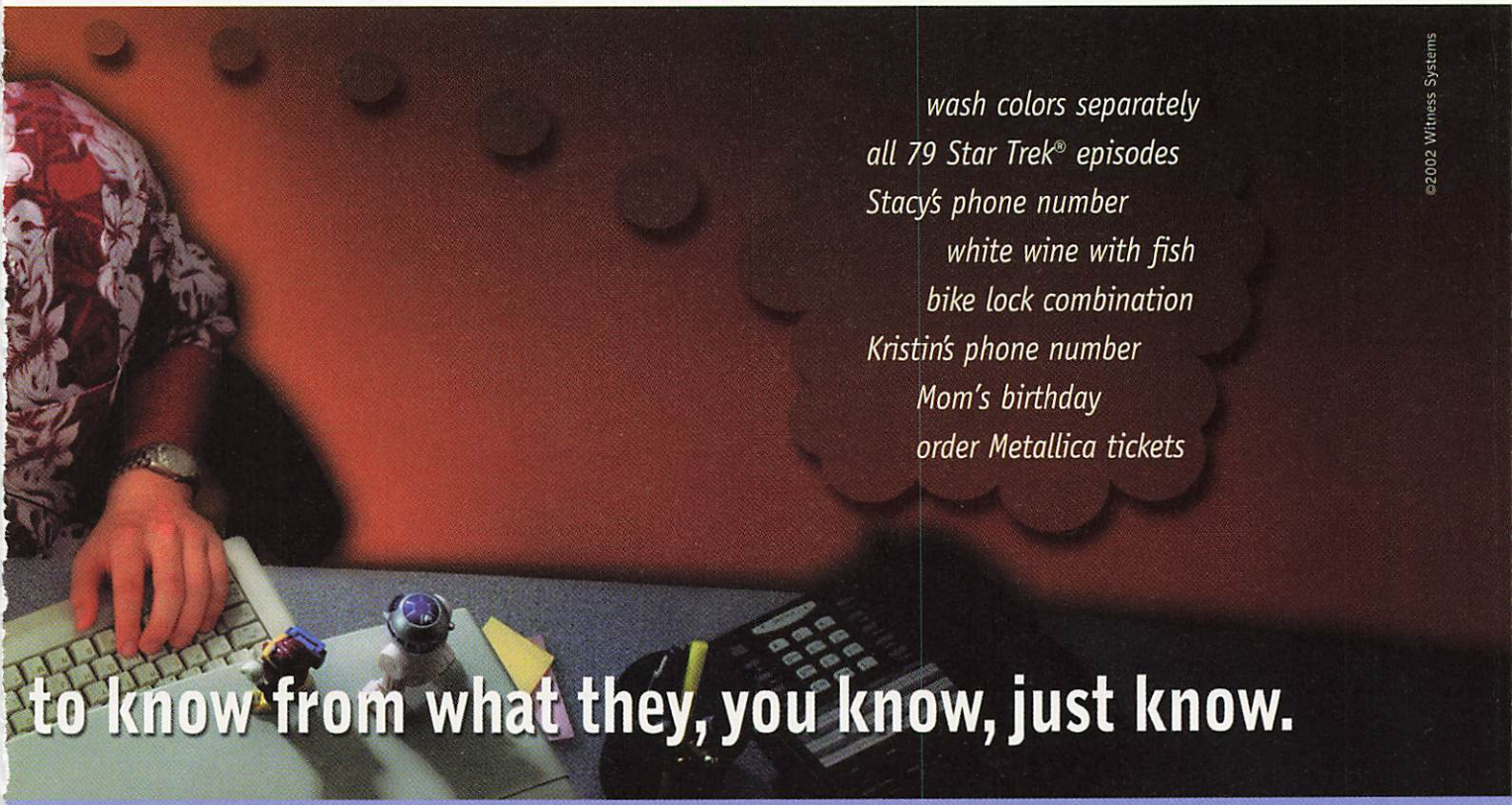
At Pathlore, we work hard to understand the unique challenges our customers face. We then show them how an integrated e-learning program can produce a smarter, more productive staff; a loyal, fully equipped sales force; a savvy customer base; a more efficient organization; and a larger market share.

***What makes your product/company unique?***

Pathlore is unique in our ability to execute both on an operational and strategic level. We have been able make thousands of customers successful with their e-learning programs and have maintained our profitably in the process. We have been recognized for our commitment to provide a complete solution as efficiently and quickly as possible to help customers realize the benefits of their e-learning initiatives.

***Describe one of your largest installations.***

We have many large, successful customer implementations including Raytheon, Meijer and Computer Associates, all of which have 75,000 seats.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# A tale of two vendors

*SmartForce's acquisition of Centra raises interesting questions for other virtual classroom providers.*

By Clark Aldrich

Two of my favorite companies in the e-learning space are virtual classroom providers Centra and Interwise. Both represent what is wonderful about e-learning: They can deliver solid value today, and their potential to grow into much more tomorrow is tremendous. And yet the two companies are as different as can be.

There are other virtual classroom providers, of course, such as PlaceWare and WebEx. However, because they can't do voice over IP, they require an additional phone line. With long-distance calls costing anywhere from 6 cents to 11 cents per user per minute, this gets expensive. On top of that, they are almost impossible to integrate into a larger e-learning strategy. NetMeeting is mostly free, but it's designed for collaboration and is terrible when used as a virtual classroom. And, despite its significant customer base, I don't see Mentergy's LearnLinc considered much in buying decisions.

Each of these vendors has its strengths, but Centra and Interwise are the ones that seem to float to the top. Given the number of changes both vendors have been through in the past year, I think of them in "before" and "after" terms.

## Centra

The "before" version of Centra won more clients than Interwise. Centra focused on providing return on investment for customers, and they supported their implementations better than any other e-learning company by offering project management teams and general hand-holding. Centra also provided excellent training and documentation for the people using the software. And they did a good job of answering emails and returning phone calls.

It also helped that Centra was a great marketing company. Centra's brand awareness towered over Interwise's. The company formed brilliant partnerships, to the point where I used to be able to narrow down a "short list" of viable learning management systems by looking at which ones were Centra's partners.

Centra also had some neat features, such as the full-screen view that allowed instructors to teach in-person and virtual classes at the same time.

Its acquisition by SmartForce is the dominant event in Centra's history so far. But even before that, Centra's purchase of MindLever (a learning content management system vendor) made it obvious that the company was making the transition from e-learning partner to stand-alone force.

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03 ○ General/Corporate/Administrative Management – President; CEO; COO; VP; Executive Director and other corporate management titles
04 ○ Financial Management – CFO; VP; Controller and other financial management titles
05 ○ IT Training – VP; Dir; Mgr/IT Trainer and other IT Training titles
06 ○ Training/Human Resources/Administration – VP; Dir; Mgr; CLO; Trainer and other training/HR/Admin titles
07 ○ Instructional/Content/Web Designer or Developer
08 ○ Education – Professor; Dean; Instructor; Administrator and other education titles
09 ○ Consultant/Integrator/Project Manager
10 ○ Engineering/R&D
99 ○ Other (please specify) _____

**2 What is the primary business of your organization?**

01 ○ Manufacturer of Computers, Communication or Peripheral Equipment
02 ○ Manufacturer of other products (non-computer related)
03 ○ Professional/Business Services: Finance, Banking, Accounting, Insurance, Real Estate, Legal Services
04 ○ Contract Employee/Consultant
05 ○ Healthcare/Pharmaceuticals/Medical Services
06 ○ Universities, Colleges, Technical Schools
07 ○ K – 12 Education
08 ○ Government/Military
09 ○ Retailer/Wholesaler/Distributor
10 ○ Communication Carriers
11 ○ Internet Service Provider
12 ○ VAR/VAD, Systems or Network Integrator, Commercial Training Center
13 ○ Publishing/Content Provider/Advertising/Media/PR
14 ○ Utilities/Transportation
15 ○ Hospitality: Food & Lodging

**3 What is the total number of employees in your entire organization?**

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Centra now has access to SmartForce's clients. And I suspect SmartForce will trim Centra's sale force — the people responsible for the company's success. More significantly, over time SmartForce will turn Centra into middleware, splitting up its whiteboarding, application sharing and collaboration pieces into elements that can be integrated into a richer e-learning experience.

## Interwise

Meanwhile, the "before" version of Interwise sold leading-edge technology. They were the first to save video clips of sessions to be viewed later, and they stored these clips in vendor-neutral formats such as Windows media files. To improve the quality of the sessions for people tethered by modems, Interwise offered pre-caching technology that downloads all the materials learners need for a session before they actually need them.

Another Interwise innovation was duplex speaking, which allows instructor and student to speak at the same time. The sound quality and pricing were better than what Centra offered in its "before" version.

Unfortunately, Interwise was terrible at marketing. (I'll bet most of you are having a hard time imagining the Interwise logo or associating the company's name with its product.) Part of the problem was their vision: Interwise did not want to be just an e-learning company. They wanted to work with chief information officers to become an alternative to both telephones and knowledge management systems.

And customers had complaints. For example, there was no efficient way for training administrators to enter and delete students from virtual classroom sessions en masse.

The watershed event in Interwise's history was when it received $34 million in funding last fall, ensuring that the company will be around for a while. Interwise also entered into a partnership with consulting firm Accenture, which invested additional millions.

In addition, Interwise has developed an all-in-one technology platform that improves functionality and makes its pricing more appealing. A new management team is heading up the company and moving it from Silicon Valley to Boston. And, of course, the acquisition of Centra moves Interwise from being "the other one" to "the one" in the virtual classroom space.

Interwise now has a top-class business implementation team (Accenture) to complement their new top-tier technology, although it will blunt their price advantage. The move to Boston will add more chaos to a company that has never come across as being overly stable. Boston is a great city that is fast becoming an e-learning hub, but one competitive weapon Interwise had was its Silicon Valley location.

I continue to recommend both companies, and I believe the underlying premise of synchronous technology replacing some telephone traffic is dead-on. But all that could change. Winston Churchill once said, "All things are always on the move simultaneously," and I am more convinced than ever that he was talking about the e-learning industry.

*Clark Aldrich (clark.aldrich@att.net), a former analyst for Gartner Group, is an independent e-learning analyst, speaker and consultant.*

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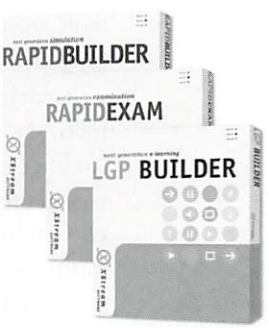


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# Your online office

*Asynchronous collaboration software lets you team up with distant co-workers without leaving your desk.*

By Wendy Webb

Online collaboration tools fall into two camps: synchronous (live) and asynchronous (self-paced). Synchronous tools facilitate the type of real-time discussion that takes place during face-to-face meetings. Asynchronous tools assist with what happens when you return to the office, roll up your sleeves and get to work.

Asynchronous collaboration tools aren't really tools, says Bill Bruck, principal of Collaboration Architects, a Falls Church, Va., firm that specializes in creating collaborative environments for clients. Instead, he considers them to be "platforms" because of the way they weave together several different tools. These might include online discussion forums, polling applications, instant messaging, document-sharing applications, shared calendars, bulletin boards and real-time chat.

## Collaboration and learning

Bruck contends that asynchronous collaboration platforms are perfectly suited to online learning, despite the relative simplicity of the technology behind them. "It's not about the technology, it's about how we use it to create effective learning," he explains.

Bruck and his team recently developed a five-module online learning program for an insurance company. Within each module, learners had to gather input from far-flung co-workers. "I had the learners build a 120-day action plan and share it online," he says. "They were assigned to comment on each other's plans, offering feedback, ideas and any other thoughts they had. I encouraged them to steal the ideas of others liberally and revise their own plans in the process."

The fact that learners worked asynchronously allowed for reflection and thought, and Bruck believes they came away with better action plans as a result.

"With synchronous tools, sometimes you create a democracy of the loudest and quickest," he says. "With asynchronous tools, people can think. They can consider something for days before responding. You get a flood of ideas that you might not have had live, on the spot."

That's not to say that asynchronous platforms are without flaw. "With some of these tools, the

## Asynchronous collaboration platforms

| Company | Product | Description | Features | Minimum requirements | Price at press time |
|---|---|---|---|---|---|
| eRoom Technology Inc.<br>617-497-6300<br>www.eroom.com | eRoom | Web-based workplace installed on a server | Discussion, customizable databases, polling, project status display, file sharing, calendar, real-time application sharing and whiteboarding | Windows 95, Macintosh OS 8, Linux or Unix operating system; IE or Netscape; Windows NT 4.0 or Windows 2000 server | $9,995 for eRoom, $199 per user; $7,500 for real-time server, $150 per user |
| | eRoom.net | A hosted application for using eRoom Web-based workplaces | Same as eRoom | Windows 95, Macintosh OS 8, Linux or Unix operating system; IE or Netscape | $249 a month for up to 10 users |
| Facilitate.com Inc.<br>www.facilitate.com<br>800-423-8890 | Facilitate.com 7.0 | Server-based virtual meeting room application | Unlimited users and sessions, editing and organizing tools, survey tool, anonymous login, facilitator controls for synchronous sessions | User: Netscape or IE<br>Server: Windows NT 4.0/2000 or Mac OS 8.5, 50 MB free disk space, 64 MB RAM | Single user group $5,995; five user groups $8,995; $2,495 a year for maintenance and support |
| Groove Networks Inc.<br>www.groove.net<br>978-720-2435 | Groove | Peer-to-peer collaboration tool | No Web site or server required; fully encrypted data; interactive shared spaces; works with MS Office, Windows XP and email; real-time or asynchronous collaboration | Pentium 233 MHz processor, Windows 95, 64 MB RAM, 40 MB hard disk space, IE 4.0 | $49 per user |
| iCohere Inc.<br>925-937-5500<br>www.icohere.com | iCohere (hosted version) | Web-site creation software that facilitates online collaboration | Public and private discussions, audio and video, resource library, internal messaging, calendar, URL links, member directory, sub-group capability, user-defined preferences | IE 5 or Netscape 6.1 | Minimum $500 set-up fee; $500 a month for up to 25 users; $750 a month for up to 50 users |
| Microsoft Inc.<br>800-426-9400<br>www.microsoft.com<br>/exchange | Microsoft Exchange 2000 Server | Collaboration tool designed to integrate with Windows 2000 | Group scheduling, discussion groups, team folders, built-in indexing and search, native Internet mail content, real-time instant messaging, chat, data and video conferencing | 133 MHz processor running Windows 2000 Server, 128 MB RAM, 500 MB free disk space for install, 200 MB free disk space on system driver | $699, plus $67 per user |
| SiteScape Inc.<br>910-256-5038<br>www.sitescape.com | Enterprise Forum 6.0 | Server-based Web collaboration tool | Threaded discussions, document sharing and co-authoring, calendars, private team workspace, tracking and notification, email, polling. Supports PlaceWare Web conferencing service | User: IE 4.0 (Windows) or 5.0 (Mac), Netscape 4.7<br>Server: 200 MHz processor; 200 MB free disk space; 128 MB RAM | $10,000 for 200 users |
| | WebWorkZone | Hosted collaboration tool | Same as Enterprise Forum 6.0 | IE 4.0 or Netscape 4.0 | $14.95 per user per month |
| Yahoo!<br>http://groups.yahoo.com | Yahoo!Groups | Hosted collaboration environment | Discussion threads, chats, polling, calendar, file sharing, database | IE or Netscape | Free |

content is front and center and the discussion is off to the side," he says. "That's a problem. The discussion, the interaction and feedback from others has to be central."

Bruck cautions course developers not to build their learning around the technology. "I see people get overwhelmed by the glitz of it all, and they get led by the software to create types of courses they might not otherwise create," he says. "Don't compromise your instructional design for the sake of the tool. If the software can't create what you want, get different software."

### Types of tools

Whether you want a simple learning environment or one that's rich with features, you'll find a number of asynchronous collaboration platforms that will meet your needs (see chart).

Groove, iCohere, SiteScape and

eRoom, for example, all have numerous features and allow for many different types of interaction and collaboration. Yahoo!Groups offers a simple form of asynchronous discussion for free.

So what should you consider when selecting one of these platforms? Before you begin your research, think about what online collaboration would look like in a world where money is no object. You may be surprised to find that your ideal isn't out of reach.

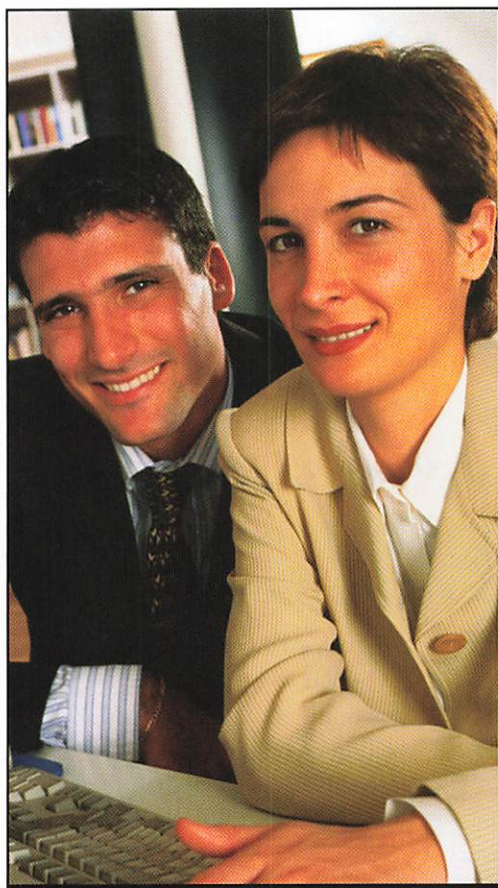
For instance, if you don't want to run asynchronous collaboration software on your own server, many vendors offer inexpensive hosted solutions. Some, like Groove and Yahoo!Groups, offer instant downloads, allowing you to begin collaborating quickly and easily. And most platforms have scant system requirements — all you need is a relatively current browser and a decent Internet connection (56K or better).

Bruck recommends asking yourself the following questions, as well:

- Is discussion central or peripheral to your needs? Some platforms hinge on their discussion groups. Yahoo!Groups is one that does — and it's free.
- Do you want collaboration or do you just need to share documents? If shared documents are all you truly need, you might consider tools such as Microsoft's SharePoint that are designed specifically for that purpose.
- Do you plan to use some form of live chat? Most of the leading asynchronous platforms allow for live chat, which can enrich and energize your learning or work.

Bruck also cautions buyers to think twice before purchasing an expensive, enterprise-level platform. "They're great at creating portals, but they're not always so great at creating team collaboration," he says, adding that many of the less-expensive packages can bring teams together just as well. Also,"insist that vendors speak your language. If they're throwing meaningless jargon at you, get someone else."

*Wendy Webb (wkwebb@chartermi.net) is a freelance technology writer in Duluth, Minn.*



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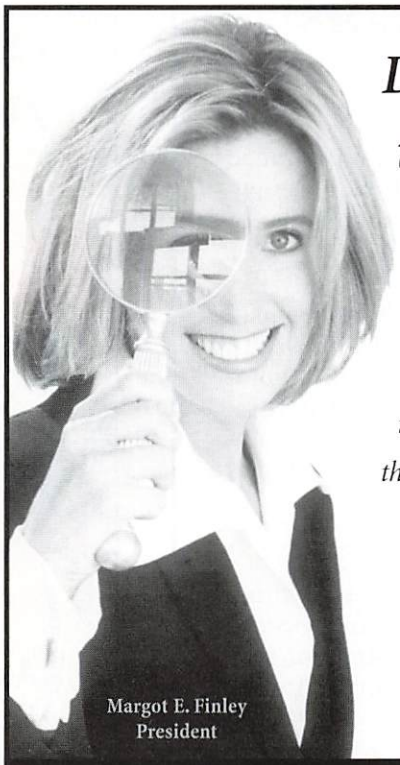

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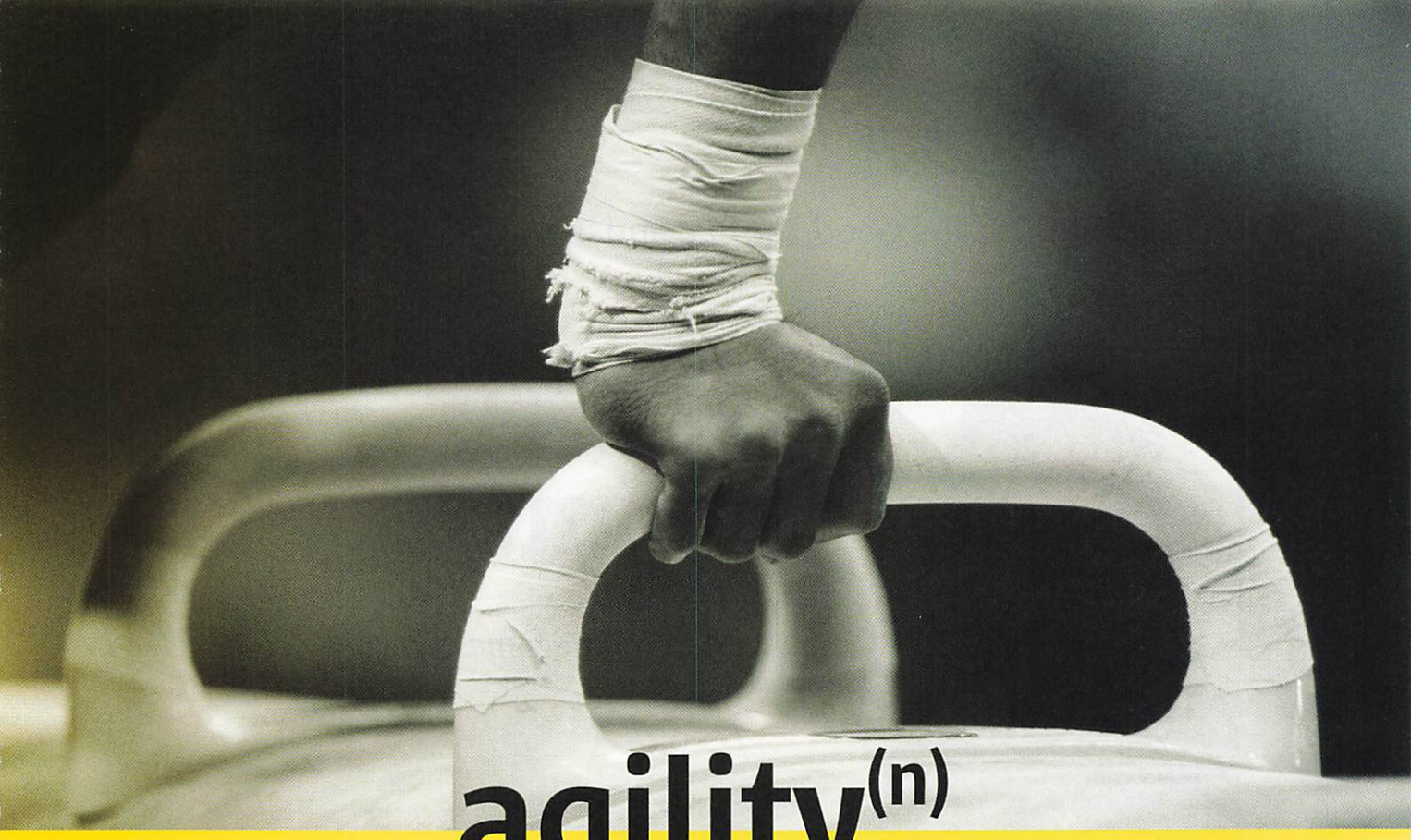

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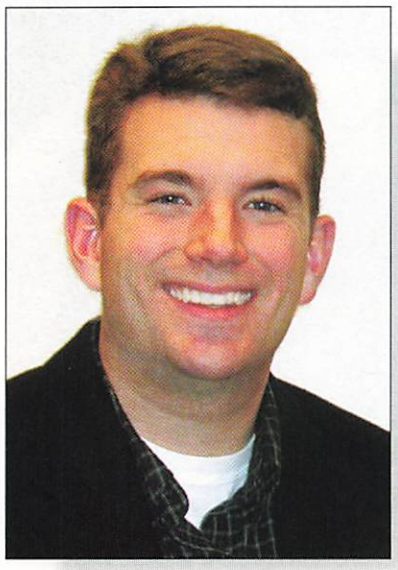
Web-Based Training: the Good, the Bad and the Ugly



# Majestic lessons

*www.majesticthegame.com*

By Mike Flanagan

Simulations, games and stories are three hot topics in course design right now. Electronic Arts' Majestic was a much-hyped game that tried to combine all three with its own version of a mobile, "anytime, anywhere" experience.

Even before its release in mid-2001, Majestic gained attention by promising an innovative gaming experience that blended a government-conspiracy storyline with an online interface and ingenious use of communication technology. But while critics loved the concept — "The X-Files" crossed with an Internet scavenger hunt — players were less enthused (Electronic Arts will close the game's virtual doors later this month). Majestic's rise and fall offers three lessons for Web-based training (WBT) designers.

**Think outside the box.** Majestic's boldest design move was taking the game beyond the PC. Once launched, the game would contact users by email, fax, phone and Instant Messaging. The idea of the system automatically communicating with the user offers a proactive model for workplace learning. Think about it: Why can't job aids come in the form of follow-up emails or calls, instead of just printable worksheets?

**Teach them on their level.** While Majestic's designers touted the game's ability to personalize the player's experience, their idea of customization was merely weaving the user's personal information into the storyline. They didn't adapt the game to the user's abilities. So when early adopters found the game too easy, they felt cheated. If they found it too difficult, they quit. WBT designers should remember that learners want to ask questions and get help. If they can't, they won't finish the course.

**Respect their time.** The goal of any good simulation is to mimic reality, but it's possible to take this concept too far. In the case of Majestic, users yelped when they realized the designers weren't kidding about the game unfolding in real time. When a character promised to call "the next day," players had to wait 24 hours — not a selling point for an audience focused on instant gratification. The lesson for WBT designers: when it comes to the pace and tempo of the interaction, give users more control, not less.

*Mike Flanagan (mike@lguide.com) is vice president of research and consulting at Lguide.com, an e-learning research and consulting firm in Tacoma, Wash.*

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